

Remarks Following a Meeting on Financial Regulatory Reform and an Exchange With Reporters

March 7, 2016

The President. Well, I just had an opportunity to meet with our independent financial regulators to discuss the progress that we've made on our economy since the financial crisis. This is something that I've done on a regular basis. It's worth remembering that it was 8 years ago this month that Bear Stearns collapsed. And that was a key moment in an economic spiral that eventually cost millions of Americans home values, pensions, jobs, savings. It was devastating.

And it is a useful reminder of what happens when you have lax regulation on Wall Street. Eventually, it migrates to Main Street. And so irresponsible, risky bets with inadequate safeguards and that reward executives who take those risks greatly can cause enormous damage to our economy overall.

As we worked to recover from this crisis, we've also worked to prevent this crisis from happening again. And Wall Street reform—Dodd-Frank—the laws that we passed have worked. I want to emphasize this because it is popular in the media, in political discourse—both on the left and the right—to suggest that the crisis happened and nothing changed. That is not true. Let me repeat that. In fact, we went at financial regulation very hard to guard against another era of "too big to fail" and some of the systemic disruptions that occurred because of lax regulation. It has helped us crack down on irresponsible behavior. We have seen banks that now have much greater capital, as much as \$700 billion worth of additional capital, additional cushion inside of our financial system.

We have put in place requirements so that if you have a financial institution that is on the brink of collapse, we can engage in an orderly unwinding of that institution without having taxpayers forced to come in and bail it out. We have made sure that the monitoring and the reporting by these institutions is much more stringent than it used to be. We are moving in the derivatives sector a huge amount of oversight and regulation. And now you have clearinghouses that account for the vast majority of trades taking place so that we know if and when somebody is doing something that they shouldn't be doing, if they're overleveraged in ways that could pose larger dangers to the financial system.

We created a Consumer Financial Protection Bureau that has been very effective in cracking down on some of the dishonest predatory practices that financial institutions were engaging in and that, in part, led to the crisis in 2007 and 2008.

So I want to dispel the notion that exists both on the left and on the right that somehow, after the crisis, nothing happened. In fact, if you look at the speech that I gave at Cooper Union in 2008 addressing this issue, we are, by the end of this year, likely to have achieved all the goals that we set out in terms of firming up the financial system, making it much more secure, and making sure that some of the excesses, recklessness, and dangers that took place can't occur in the future.

The second thing that I want to correct for the record is the notion that somehow this would hurt business and the economy. In fact, the opposite has happened. Our businesses have

created jobs every single month since this law was signed. Over the past 6 years, it created more than 15 [14]* million new jobs in all.

And because of Wall Street reform, our financial system is safer and stronger than it was before the crisis. It is much better equipped to withstand any systemic blows that may occur not just within our borders, but in the international financial system generally. So we did not just rebuild this, we rebuilt it better and we rebuilt it stronger.

Now, that doesn't mean that there's not still work to do. One of the things that we discussed was the fact that there is a shadow banking system, a set of institutions that under current law aren't always regulated in the same way that banks are regulated: hedge funds, asset managers, et cetera. And one of our projects is to make sure that we are covering some of those potential gaps. We may need at some point help from Congress to do that. But in the meantime, the joint Committee of these agencies has been working very effectively to try to monitor some of those areas that are outside the traditional banking system.

We still have work to do to complete regulations related to executive compensation to make sure that individuals who are working in these financial institutions are less incentivized to take big, reckless risks that could end up harming our financial sector overall.

And we also spent a lot of time talking about cybersecurity, an area where there's going to be increasing vulnerability. And as part of my Cybersecurity National Action Plan, we have already seen these independent regulators working together with Treasury and with the Department of Homeland Security and other agencies to start tightening up our financial sector and to identify those areas where we might be weak and might be vulnerable.

So there's going to continue to be a lot of work to do. The financial system operates very quickly. It is innovative. There is a lot of technology involved. And so the task for regulators is challenging because it's a moving target; it doesn't stay static.

But these institutions have worked really hard and overall, undoubtedly, have made our financial system much better. So when you read articles, whether on the left or the right, that suggest somehow nothing happened and everybody just went back to the same go-go years that they were engaging in before, those are factually incorrect. They're not true. And the reason I want to emphasize that is because when there's a perception that nothing happened and that feeds cynicism, that actually weakens our ability then to make further progress in regulating this sector.

A lot of work has been done by a lot of really smart, dedicated people to try to make this system work better. And we've made vast improvements, and we now have to build on that.

Last point I would make: If there is a significant challenge in terms of regulating Wall Street and regulating our financial sector, it is primarily coming from certain Members of Congress who are consistently pressuring independent regulators to back off; who want to strip away the authorities that were granted under Dodd-Frank; who tried to weaken those regulations, tried to water them down, or tried to starve these regulators of the resources and the budgets that they need to hire enough personnel to track everything that's taking place in the financial sector.

So whether you are a Democrat or a Republican or a Tea Party member or a Socialist, if you are concerned about making sure that Wall Street is doing the right thing, check to make

* White House correction.

sure that your Member of Congress is not trying to cut the budgets of these various agencies, starve them of the resources that they need, or roll back some of the authorities that were created during Dodd-Frank.

That should be the target of your concern and your wrath. Because unless we have strong, independent agencies like this that can provide the oversight that's necessary, it is absolutely true that these financial institutions with enormous resources and mountains of lawyers and accountants and analysts will run circles around the Government and will end up engaging once again in the kinds of disruptive behavior that caused so much damage to so many people in the first place. So that's where everybody should be focused.

And let's make sure that as you reporters are doing your work in this area, shine a spotlight on who is it that's trying to weaken Wall Street reform and regulations and who's trying to strengthen them; who's trying to strip out budgets and who's trying to add additional resources to make sure that we're doing the job. And the American people should take some comfort from the fact that the people around this table, at least, have been working really hard and they've actually made some really significant progress.

We've got more work to do. And there are a whole set of issues that fall outside the issues of this regulatory body in terms of making sure that folks on Wall Street are also paying their taxes and that the tax structure is fair. And that gets into a whole other set of arguments that I may make at another press announcement.

All right? Thank you very much, everybody.

Death of Former First Lady Nancy Davis Reagan

Q. Any comments for the camera on Nancy Reagan?

The President. I had the opportunity to meet Mrs. Reagan once. Obviously, she was already advanced in age, but could not have been more gracious and more charming to myself and Michelle when we first came into office. I think it's been well documented the extraordinary love that she had for her husband and the extraordinary comfort and strength that she provided him during really hard times. As somebody who has been lucky enough to have an extraordinary partner in my life as well, I know how much she meant not just to President Reagan, but to the country as a whole. He was lucky to have her, and I'm sure he'd be the first to acknowledge that. So she will be missed.

All right?

NOTE: The President spoke at 12:08 p.m. in the Roosevelt Room at the White House.

Categories: Addresses and Remarks : Financial regulatory reform; Interviews With the News Media : Exchanges with reporters :: White House.

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